

## **EXHIBIT 1**

### **INTRODUCTION**

In 2000, Respondent Scott Cook, a resident of Woodside, California, made contributions totaling \$1,219,512.46 supporting two propositions on the November 2000 ballot and the Kathleen Connell Committee. During the first semi-annual reporting period, January 1, 2000 through June 30, 2000, Respondent Scott Cook made \$221,518.50 in contributions, and thereby qualified as a “major donor committee” under the Political Reform Act (the “Act”).<sup>1</sup> As such, Respondent was required to comply with specified campaign reporting provisions of the Act.

As a major donor committee, Respondent was required to file a semi-annual campaign statement, commonly known as a “major donor statement,” by July 31, 2000, disclosing contributions made during the January 1, 2000 through June 30, 2000 reporting period. Respondent was also required to file a major donor statement by January 31, 2001, disclosing \$997,993.96 in contributions made during the July 1, 2000 through December 31, 2000 reporting period. Additionally, due to the large amounts of these contributions, Respondent was required to electronically file both of these major donor statements. Respondent failed to file these statements as required by the Act.

For the purposes of this Stipulation, Respondent’s violations of the Political Reform Act are stated as follows:

- Count 1: Respondent Scott Cook failed to file a semi-annual campaign statement by July 31, 2000, for the January 1, 2000 through June 30, 2000 reporting period, in violation of section 84200, subdivision (b).
- Count 2: Respondent Scott Cook failed to electronically file a semi-annual campaign statement by July 31, 2000, for the January 1, 2000 through June 30, 2000 reporting period, in violation of section 84605, subdivision (a).
- Count 3: Respondent Scott Cook failed to file a semi-annual campaign statement by January 31, 2001, for the July 1, 2000 through December 31, 2000 reporting period, in violation of section 84200, subdivision (b).
- Count 4: Respondent failed to electronically file a semi-annual campaign statement by January 31, 2001, for the July 1, 2000 through December 31, 2000 reporting period, in violation of section 84605, subdivision (a).

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

## **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

### **Major Donor Committees**

Section 82013, subdivision (c) includes within the definition of “committee” any person or combination of persons who directly or indirectly makes contributions totaling Ten Thousand Dollars (\$10,000) or more in a calendar year to, or at the behest of, candidates or committees. This type of committee is commonly referred to as a “major donor” committee.

### **Duty to File Semi-Annual Campaign Statements**

Section 84200, subdivision (b) requires a major donor committee to file a semi-annual campaign statement with the Secretary of State for any reporting period in which the committee made campaign contributions. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 to December 31, and must be filed by January 31 of the following year.

### **Duty to File Campaign Statements Electronically**

Section 84605 requires a major donor committee that makes contributions totaling \$50,000 or more in a calendar year to electronically file with the Secretary of State all campaign statements due on or after July 1, 2000. (Section 84605, subdivision (a).) Section 84605, subdivision (i) states that the electronic filing requirements are in addition to the paper filing requirements set forth above.

## **SUMMARY OF THE FACTS**

At all times relevant herein, Respondent Scott Cook resided in Woodside, California.

### **COUNTS 1 AND 2**

During the first semi-annual reporting period of 2000, Respondent made three campaign contributions totaling \$221,518.50, and thereby qualified under Section 82013, subdivision (c) of the Act as a major donor committee.

On or about February 15, 2000, Respondent made a contribution, in the amount of \$96,518.50, to the “Let’s Fix Our Schools, Yes on 26” committee. On or about June 29, 2000, Respondent made a contribution, in the amount of \$25,000, to the Kathleen Connell Committee.

On or about June 30, 2000, Respondent made a contribution in the amount of \$100,000 to the “Taxpayers for Accountability and Better Schools, Yes on 39” committee. Respondent was required to file with the Secretary of State a major donor statement disclosing these contributions no later than July 31, 2000. By failing to file a major donor statement disclosing these contributions by July 31, 2000, Respondent violated section 84200, subdivision (b).

Further, because Respondent, as a major donor committee, made contributions totaling more than \$50,000, he was required, in addition to filing a paper version of the major donor statement, to electronically file the statement on or before July 31, 2000. By failing to electronically file the major donor statement by July 31, 2000, Respondent violated section 84605, subdivision (a).

#### COUNTS 3 AND 4

During the second semi-annual reporting period of 2000, Respondent made two campaign contributions totaling \$997,993.96. On or about July 31, 2000, Respondent made a contribution, in the amount of \$109,289.46, to the Taxpayers for Accountability and Better Schools, Yes on 39.” On or about September 25, 2000, Respondent made another contribution, in the amount of \$888,712.50, to the “Taxpayers for Accountability and Better Schools, Yes on 39” committee. Respondent was required to file with the Secretary of State a major donor statement disclosing these contributions no later than January 31, 2001. By failing to file a major donor statement disclosing these contributions by January 31, 2001, Respondent violated section 84200, subdivision (b).

Further, because Respondent, as a major donor committee, made contributions totaling more than \$50,000, he was required, in addition to filing a paper version of the major donor statement, to electronically file the statement on or before January 31, 2001. By failing to electronically file the major donor statement by January 31, 2001, Respondent violated section 84605, subdivision (a).

#### ADDITIONAL INFORMATION

Prior to the filing deadline, on January 5, 2001, the Technical Assistance Division of the Fair Political Practices Commission sent a letter to Respondent notifying him that he might be required to file a major donor statement disclosing his contributions, and that he might further be required to file that statement electronically, on or before January 31, 2001. Respondent failed to file the major donor statement in either a paper or an electronic form by the January 31, 2001 due date, in violation of sections 84200, subdivision (b) and 84605, subdivision (a).

On February 15, 2001, Respondent filed a paper version of a major donor statement purporting to cover the reporting period, January 2000 through December 2000, that incorrectly reported only \$900,000 in total contributions for 2000 when, in fact, the total amount contributed for the calendar year was \$1,219,512.46. The inaccuracy of this late filed statement lessens any mitigating effect that it might have had.

After numerous telephonic contacts from the Enforcement Division of the Fair Political Practices Commission, on January 2, 2002, the Enforcement Division received a faxed letter from Respondent's attorney, Steven Lucas, indicating that on or about December 28, 2001, Respondent had filed paper and electronic major donor statements for the reporting periods, January 1, 2000 to June 30, 2000, and July 1, 2000 to December 31, 2000. These major donor statements reflected five contributions, totaling of \$1,219,512.46, for the year 2000, in contrast to the single \$900,000 contribution that had been previously reported in the major donor statement that Respondent untimely filed on February 15, 2001.

## **CONCLUSION**

This matter consists of four counts that carry a maximum possible administrative penalty of Fourteen Thousand Dollars (\$14,000).<sup>2</sup>

The aggregate amount that was not timely reported by Respondent was \$1,219,512.46. This matter was not addressed under the streamlined Major Donor Program, because the large amount unreported justified a higher penalty than was available under the program. In light of the large amount unreported, the maximum penalties for the two paper non-filings and very significant penalties for the two electronic non-filings are warranted.

Respondent's initial major donor statement that he filed on February 15, 2001, while inaccurate and untimely, represented some effort at compliance with the Act. However, it took Respondent nearly an additional year to file accurate statements. Respondent has no record of prior violations.

In light of all of these factors, the imposition of the agreed upon penalty of Twelve Thousand Dollars (\$12,000) is justified.

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<sup>2</sup> Due to a change in law effective January 1, 2001, Counts 1 and 2, which occurred prior to January 1, 2001, carry a maximum penalty of two thousand dollars (\$2,000) for each count, and Counts 3 and 4, which occurred after January 1, 2001, carry a maximum penalty of five thousand dollars (\$5,000).